

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT)
TRANSMISSION FACILITIES IN MEADE COUNTY)
IN KENTUCKY TO INTERCONNECT ITS ELECTRIC)
UTILITY SYSTEM WITH THE ELECTRIC UTILITY)
SYSTEM OF EAST KENTUCKY POWER COOPERATIVE)

and

CASE NO. 94-078

THE APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
CONSTRUCT CERTAIN ELECTRIC TRANSMISSION)
FACILITIES IN HARDIN COUNTY)

O R D E R

IT IS ORDERED that East Kentucky Power Cooperative, Inc. ("East Kentucky") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 20 days from the date of this Order.

1. In response to Item 3 of the June 2, 1994 Order, East Kentucky indicated that no permits had been initiated by it because the Commission's approval for a Certificate of Public Convenience and Necessity had not been received. Explain why it is appropriate for East Kentucky to seek a Certificate of Public Convenience and Necessity before it has applied for or secured any of the required permits.

2. In the response to Item 7 of the June 2, 1994 Order, East Kentucky stated that the necessary easements for the transmission

line have not been acquired. In the response to Item 8, East Kentucky further stated that the specific route for the transmission line has not been determined.

a. Explain how East Kentucky has been able to determine reasonable construction cost estimates without the determination of the specific route and the number of easements that will be required.

b. Explain how the Commission can evaluate the reasonableness of East Kentucky's proposal without the specific route and easement information.

3. Provide a schedule showing by year the amounts of unit back-up power transactions with Big Rivers included in East Kentucky's 1993 Integrated Resource Plan filed with the Commission in Case No. 93-427.¹ If the amounts on this schedule are different than the levels included in the Alternative 2 analysis, explain in detail the reason(s) for the differences.

4. Provide all the assumptions and variables East Kentucky used in the power production computer simulations generated by the ENPRO models. Include the basis supporting or justifying each assumption or variable.

5. Under the terms of the back-up power agreement between East Kentucky and Big Rivers, power transactions to East Kentucky are projected to equal those to Big Rivers. The Alternative 2 analysis shows transactions from Big Rivers to East Kentucky

¹ Case No. 93-427, A Review Pursuant to 807 KAR 5:058 of the 1993 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.

ranging from 119,364 MWH to 258,973 MWH, with an average for the period of 205,754 MWH. Big Rivers' response to Item 4 of the June 2, 1994 Order shows East Kentucky received 48,953 MWH in unit back-up power in 1992, 45,721 MWH in 1993, and 10,473 MWH year to date for 1994.

a. Given the historic levels of actual unit back-up power transactions with Big Rivers, explain how the transaction levels included in the Alternative 2 analysis can be considered reasonable.

b. Explain what events or circumstances are envisioned by East Kentucky that support the assumption that unit back-up power transactions will increase by approximately 400 percent over the 1996-2015 time frame.

6. Exhibit VI, Justification Report Exhibits I-1 and I-2 of East Kentucky's application compared a present worth analysis of the construction option (Alternative 1) with that of wheeling unit back-up power transactions (Alternative 2). Alternative 1's present worth total was \$4,852,627 while Alternative 2's present worth total was \$5,311,555.

a. Using the same variables and assumptions as reflected in Exhibit VI, Exhibit I-2, prepare a version of Alternative 2 using as the wheeling rate the LG&E charge of 1.75 mills/kWh.

b. Prepare a version of Alternative 2 which reflects a break-even result, one where the present worth total approximately equals \$4,852,627. All variables and assumptions reflected in

Exhibit VI, Exhibit I-2 are to remain unchanged, except the yearly amounts for MWH Transferred. Adjustments are to be made to the MWH Transferred in each year of the analysis.

7. Explain why East Kentucky in preparing its Key Load Flow Diagrams (Exhibit VI, Appendix A - Index) modeled transfers of 230 MW when the current unit back-up power agreement is for 200 MW.

8. Could the length or cost of the proposed transmission line be reduced by utilizing existing transmission and distribution rights-of-way or any other available rights-of-way? Explain fully your response.

Done at Frankfort, Kentucky, this 29th day of July, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director